



KRS EMPLOYER NEWS

Kentucky Employees Retirement System • County Employees Retirement System • State Police Retirement System

VOLUME 2, ISSUE 1

OCTOBER 2002

KRS Briefs

KRSPAY Reporting Program

Kentucky Retirement Systems has designed a new electronic reporting program called KRSPAY. Agencies that currently report on the Summary of Wage Report Form can now report by diskette using this computer program. The KRSPAY program automatically calculates the employee and employer contributions for each employee and totals the wages, installment payments, employee contributions, and employer contributions for the entire agency. If you wish to report using the KRSPAY program, please submit a written request to the Accounting Division or call (502) 564-4646 extension 2109.

Deadline for Reporting Contributions

State law currently requires the reporting official to forward employee and employer contributions to the Retirement Office by the 10th day of each month. Effective July 15, 2002 any agency failing to file contributions by the 20th day of the month will be required to pay interest on the delinquent contributions at 8.25% compounded annually subject to a minimum penalty of \$100.

New School Board Audit Procedure

Before KRS will provide retirement estimates and purchase costs to a school board employee, an audit of the member's service credit must be completed. If the school board employee has service credit prior to July 1, 1996, the reporting official will be asked to complete a Form 4245, School Board Audit Letter. The Form 4245 verifies the hourly rates, contract days, and actual days worked for fiscal years prior to July 1, 1996. KRS will not request a Form 4245 if the information is already in the member's file.

KRS Web Site

With access to the internet, you and your employees can estimate Kentucky Retirement Systems' benefits by using our "On-line Benefit Estimator". You can also download educational materials and copies of many KRS forms.

www.kyret.com

Enrolling New Employees

Who Is Required to Participate

All new employees who work in a regular full time position must be enrolled in the retirement system at the beginning of their employment. A regular full-time position is defined as any position that averages 100 hours of work per month over a fiscal or calendar year. For school board employees, a regular full-time position is defined as any position that requires the employee to average 80 hours of work per month over the actual days worked.

Who Is Not Required to Participate

Any employee working in a position that meets the requirement listed above should be reported to the retirement office unless the employee is classified in one of the following positions:

- Seasonal
- Part-Time*
- Emergency
- Interim
- Temporary
- Independent Contractor

**A part-time position is defined as a position that averages less than 100 hours per month except for school board employees which are required to work less than 80 hours per month over the school term.*

Each of these positions is regulated by state statute, and is limited to a particular number of months.

Before classifying an employee in one of the positions not covered by the Retirement Systems, you should contact the Retirement Office to ensure that the employee's position is correctly classified.

continued on page 2

INSIDE THIS ISSUE

- 1 KRS BRIEFS
- 1 ENROLLING NEW EMPLOYEES
- 2 WHEN AN EMPLOYEE IS NO LONGER WORKING
- 3 WHO IS MY EMPLOYER SERVICES REPRESENTATIVE?
- 4 SERVICE CREDIT FOR SCHOOL BOARD EMPLOYEES

Required Forms for Enrollment

To enroll a new employee in the Retirement Systems, the following forms must be completed and returned to the Retirement Office:

- ☒ **Form 2001 – Membership Information**
- ☒ **Form 2020 – Advice of Personnel Action**
- ☒ **Form 2035 – Beneficiary Designation**

If the new employee is working in a hazardous position approved by the KRS Board of Trustees, the reporting official must complete a Form H.P.-2, Certification of Hazardous Duty Coverage.

Copies of these forms can be downloaded from our website at www.kyret.com.

When An Employee Is No Longer Working

From time to time, your employees may ask, "What can I do with my retirement account if I leave employment?" Upon termination, your employee has three choices: retire if eligible, take a refund of retirement contributions, or leave the contributions in the retirement system until they reach retirement eligibility.

When Is An Employee Eligible to Retire?

Retirement eligibility is dependent upon the member's age, service credit, and type of service (hazardous or non-hazardous).

A **non-hazardous** employee is eligible for a monthly retirement benefit if the employee is:

- Age 65 with at least 1 month of service credit (unreduced benefit).
- Age 55 with at least 60 months of service credit (reduced benefit).
- Any age with at least 25 but less than 27 years of service credit (reduced benefit).
- Any age with at least 27 years of service credit (unreduced benefit).

A **hazardous** employee is eligible for a monthly retirement benefit if the employee is:

- Age 55 with at least 1 month of service credit (unreduced benefit).
- At least age 50 with at least 15 years of service credit (reduced benefit).

- Any age but has at least 20 years of service credit (unreduced benefit).

Refund of Retirement Contributions

If an employee is not eligible to retire upon termination of employment, the employee is eligible to withdraw their individual retirement contributions plus any accumulated interest. The payment can be paid directly to the employee or the employee can elect to roll the funds over into another qualified retirement plan.

If the employee elects to receive a direct payment, KRS is required to withhold 20% for federal income taxes. The amount withheld is not a penalty tax and will apply towards the federal tax liability for the year in which the refund was issued. Additional taxes due to age or other factors may also apply if the employee receives a direct payment.

If the employee elects to rollover the funds into another qualified plan, the payment will not be subject to federal income taxes at the time of withdrawal.

In order to process a refund of contributions, the employee must complete a Form 4525, Request for Refund of Contributions. In addition, the employee must have a completed Form 2001 on file with the Retirement Office. As the reporting official, you must complete a Form 2020 listing the employee's date of termination. A refund cannot be issued until all three forms are filed with the Retirement Office.

Wait Until Eligible to Retire

If an employee is not eligible to retire upon termination, the employee also has the option of leaving the funds in their retirement account until they are eligible to retire. An employee may withdraw all funds and close the account at any time, provided they are not employed with an agency participating in Kentucky Retirement Systems. If the employee returns to work with another participating agency, the service earned in the new position can be combined to determine retirement eligibility and benefits. For a list of participating agencies, please contact your Employer Services representative.

Remember: Any time an employee terminates or goes on leave, the reporting official should file a Form 2020, Advice of Personnel Action with the Retirement Office. See your reporting official manual for more details.

Who Is My Employer Service Representative?

The Employer Services Branch of Kentucky Retirement Systems assigns a field representative to each county to provide information and services to the agencies within that county. The field representative is available to answer any questions a reporting official may have regarding the policies and procedures of Kentucky Retirement Systems. A field representative can also give general retirement presentations, hold one-on-one conferences at your agency to discuss individual retirement questions with your employees, and attend any benefits fairs your agency may offer.

KRS Employer Service Representatives

Phone: 1-800-928-4646

FRANK CARDOZA

PHONE EXTENSION: 1313 E-MAIL: FRANK.CARDOZA@KYRET.COM

COUNTIES: BALLARD, CALLOWAY, CARLISLE, FULTON, GRAVES, HICKMAN, LIVINGSTON, MARSHALL, MCCrackEN

ANGELA HAWKINS

PHONE EXTENSION: 1323 E-MAIL: ANGELA.HAWKINS@KYRET.COM

COUNTIES: CALDWELL, CHRISTIAN, CRITTENDEN, HENDERSON, HOPKINS, LYON, TRIGG, UNION, WEBSTER

LISA WHITAKER

PHONE EXTENSION: 1302 E-MAIL: LISA.WHITAKER@KYRET.COM

COUNTIES: BRECKINRIDGE, BUTLER, DAVIESS, GRAYSON, HANCOCK, MCLEAN, MEADE, MUHLENBERG, OHIO

WES FARLEY

PHONE EXTENSION: 1315 E-MAIL: WES.FARLEY@KYRET.COM

COUNTIES: ALLEN, BARREN, EDMONSON, LOGAN, SIMPSON, TODD, WARREN

SARAH GATEWOOD

PHONE EXTENSION: 1351

E-MAIL: SARAH.GATEWOOD@KYRET.COM

COUNTY: JEFFERSON

HOLLY WEBB

PHONE EXTENSION: 1269 E-MAIL: HOLLY.WEBB@KYRET.COM

COUNTIES: ADAIR, BULLITT, CUMBERLAND, GREEN, HARDIN, HART, LARUE, MARION, METCALFE, MONROE, NELSON, SPENCER, TAYLOR, WASHINGTON

SCOTT PARRITT

PHONE EXTENSION: 1303 E-MAIL: SCOTT.PARRITT@KYRET.COM

COUNTIES: ANDERSON, CARROLL, FRANKLIN, GALLATIN, HENRY, OLDHAM, OWEN, SHELBY, TRIMBLE, WOODFORD

NADINE COLE

PHONE EXTENSION: 1305 E-MAIL: NADINE.COLE@KYRET.COM

COUNTIES: BOYLE, CASEY, CLINTON, GARRARD, JESSAMINE, LINCOLN, MERCER, MCCREARY, PULASKI, RUSSELL, WAYNE

RICH MARDIS*

PHONE EXTENSION: 1301 E-MAIL: RICH.MARDIS@KYRET.COM

COUNTIES: BOURBON, FAYETTE, HARRISON, NICHOLAS, SCOTT

**NOTE: TEMPORARY ASSIGNMENT UNTIL JOHN SCAHILL RETURNS.*

GARY TOY

PHONE EXTENSION: 1127 E-MAIL: GARY.TOY@KYRET.COM

COUNTIES: BATH, BOYD, CLARK, CARTER, ELLIOT, FLEMING, GREENUP, LAWRENCE, LEWIS, MASON, MONTGOMERY, ROWAN

PATRICK HALL

PHONE EXTENSION: 1322 E-MAIL: PATRICK.HALL@KYRET.COM

COUNTIES: ESTILL, BREATHITT, FLOYD, JOHNSON, KNOTT, LEE, LETCHER, MAGOFFIN, MARTIN, MENIFEE, MORGAN, OWSLEY, PERRY, PIKE, POWELL, WOLFE

TERRY SQUIRES

PHONE EXTENSION: 1317 E-MAIL: TERRY.SQUIRES@KYRET.COM

COUNTIES: BELL, CLAY, HARLAN, JACKSON, KNOX, LAUREL, LESLIE, MADISON, ROCKCASTLE, WHITLEY

SUZANNE ELPHINSTONE

PHONE EXTENSION: 1304

E-MAIL: SUZANNE.ELPHINSTONE@KYRET.COM

COUNTIES: BOONE, BRACKEN, CAMPBELL, GRANT, KENTON, PENDLETON, ROBERTSON

Service Credit for School Board Employees

For each employee, the process to determine averaging and service credit for fiscal years 2000-2001 and beyond consists of two steps.

Step One

The first step in the process is to determine if the employee averaged 80 hours per month over the months represented by the number of actual days worked. If the employee worked at least 80 hours per month represented by the days worked, then the employee is eligible to participate and will be given service credit for that individual fiscal year. If the employee does not average the required 80 hours per month, then no service credit will be given and the employee and employer contributions will be refunded. Once the contributions have been refunded, the employee can purchase any individual months which

continued on page 4

represent at least 80 hours of actual work. The formula to determine if an employee averaged 80 hours per month over the days worked is as follows:

$$\text{Fiscal Year Salary} \div \text{Hourly Rate} \div \text{Months Represented by the Days Worked}$$

The "Fiscal Year Salary" is the salary reported to the Retirement Office during the year. The "Hourly Rate" is the rate verified on the End of Year Report. The "Months Represented by the Days Worked" is the result of taking the "Actual Days Worked" from the End of Year Report and dividing by 20 (the average number of working days in a month).

Example: John Doe is a bus driver for the school board. He worked 182 days during the school year, earned \$10.75 (per hour, and had wages reported to the retirement office totaling \$8315.13 during the fiscal year.

$$\text{\$8315.13} \div \text{\$10.75} \div \text{9.1 months} = \text{85 hours}$$

$$182 \text{ days} \div 20 = 9.1$$

Step Two

The second step (if the employee averages 80 hours per month) is to determine the number of months the employee will receive for that fiscal year.

If the number of actual days worked is at least 180 days during the fiscal year, then the employee will receive 12 months of service credit. In the previous example, John Doe averaged the required 80 hours per month and worked 182 days and will therefore receive 12 months of service credit. In the event that the employee averages 80 hours per month but works less than 180 days, service credit will be awarded based upon the following formula:

$$\text{Actual Days Worked} \div 180 \times 12$$

Normal rounding is used in calculating the months of service credit (i.e. 9.5 rounds to 10 months of service credit). However, if an employee works less than 180 days, the employee cannot earn more than 11 months of service credit.

KENTUCKY RETIREMENT SYSTEMS
PERIMETER PARK WEST
1260 LOUISVILLE ROAD
FRANKFORT KY 40601